

**CERTIFICATE OF NEED EVALUATION OF THE APPLICATION SUBMITTED ON BEHALF OF
PROVIDENCE HOSPICE AND HOME CARE OF SNOHOMISH COUNTY PROPOSING TO
ESTABLISH A NEW 20-BED HOSPICE CARE CENTER TO SERVE THE RESIDENTS OF
SNOHOMISH COUNTY**

PROJECT DESCRIPTION

Providence Hospice and Home Care of Snohomish County is a not-for-profit entity that has been providing both home health and hospice services to the residents of Snohomish County and surrounding areas since approximately 1978. For home health, Providence Hospice and Home Care of Snohomish County (PHHCSC) is Medicare certified to provide services in Island, King, and Snohomish counties. For hospice, PHHCSC provides Medicare certified services in Snohomish County, which includes the area in Island County known as Camano Island. [source: CN historical files]

This application proposes to establish a new 20-bed hospice care center to be located at 1001 Broadway in the city of Everett, within Snohomish County. The 16.7 acre site would accommodate the proposed 18,000 sq ft hospice care center with 20 private rooms, kitchen areas, living area spaces, spiritual rooms, and staff space. [source: September 22, 2005, supplemental information and PHHCSC public hearing documents]

Within the application, PHHCSC acknowledged that the proposed hospice care center is 18,000 and, therefore, the site requires an Environmental Impact Statement or a Declaration of Non-Significance from the city of Everett. In response to this requirement, PHHCSC further acknowledged that it intends to meet any facility/land use requirements imposed by the city of Everett. [source: September 6, 2005, supplemental information, p1] In accordance with WAC 246-03-030(4), the department may not issue a Certificate of Need for a new healthcare facility until it has received a copy of either an Environmental Impact Statement or a Declaration of Non-Significance pertaining to the site. The department may, however, commit to issuing a Certificate of Need. Therefore, if this project is approved, PHHCSC would receive an "Intent to Issue a Certificate of Need" thereby allowing PHHCSC to progress with its requirements with the City of Everett for the site. Once PHHCSC provided the department with a copy of a determination of non-significance or a final environmental impact statement pertaining to the site for the hospice care center, the department would issue a Certificate of Need for the project.

Generally, the services provided at a hospice care center are the same services provided through a hospice agency. The main difference between a hospice care center and a hospice agency is where the patient receives the services. In the case of a hospice agency, hospice services are provided in the patient's home or current residence. For hospice care centers, the hospice services are provided in the care center rather than in the patient's home. Services to be provided at the hospice care center include symptom and pain management to terminally ill patients, as well as emotional, spiritual, and bereavement support for the patient and the patient's family. [source: Application, project description, pp3-4, and CN historical files]

The capital expenditure estimated for this project is \$4,988,600, of which 77% is associated with construction costs; 8% is associated with equipment; another 8% is associated with fees & permits; and the remaining 7% is associated with state sales tax. [source: September 6, 2005, supplemental information, p7]

The source for the \$4,988,600 funding is community fundraising (approximately 60%) and PHHCSC reserves (40%). If this project is approved, PHHCSC intends to begin fundraising for the care center immediately. PHHCSC indicates that the actual raising of funds for the care center has not yet begun; however, PHHCSC has determined that it would take approximately one year to raise the required funding. Under this timeline, the new care center would become operational August 2008.

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to Certificate of Need review as the construction, development, or other establishment of a new health care facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a).

APPLICATION CHRONOLOGY

October 26, 2004	Letter of Intent Submitted
November 30, 2004	Application Submitted
December 1, 2004, through September 15, 2005	Department's Pre-Review Activities <ul style="list-style-type: none">• 1st screening activities and responses• 2nd screening activities and responses
September 16, 2005	Department Begins Review of the Application <ul style="list-style-type: none">• Public comments received throughout the review
November 15, 2005	Public Hearing Conducted at the Everett Public Library
December 2, 2005	Rebuttal Documents Submitted to Department
January 16, 2006	Department's Anticipated Decision Date
January 11, 2006	Department's Actual Decision Date

CONCURRENT REVIEW AND AFFECTED PARTIES

As directed under WAC 246-310-295(3), the department accepted this project under the hospice care center concurrent review cycle. No other hospice care center applications were submitted for Snohomish County during the 2004 concurrent review cycle. In accordance with WAC 246-310-295(5), when applications initially submitted under a concurrent review cycle are deemed not to be competing, the department has converted the review to the regular review process. Therefore, this application was converted to a regular review.

Throughout the review of this project, representatives from the following three nursing homes sought and received affected person status under WAC 246-310-010.

Facility Name/City

- Evergreen Living Centers (Merry Haven Care Center), Snohomish;
- Regency Care Center at Arlington, Arlington; and
- Regency Care Center at Monroe, Monroe.

SOURCE INFORMATION REVIEWED

- Providence Hospice and Home Care of Snohomish County's Certificate of Need Application received November 30, 2004
- Providence Hospice and Home Care of Snohomish County's supplemental information dated June 10, 2005
- Providence Hospice and Home Care of Snohomish County's supplemental information dated September 6, 2005
- Providence Hospice and Home Care of Snohomish County's supplemental information dated September 22, 2005
- Public comment provided throughout the review
- Comments provided at the November 15, 2005, public hearing at the Everett Public Library
- Providence Hospice and Home Care of Snohomish County's rebuttal comments dated December 1, 2005
- Population data obtained from the Office Financial Management based on year 2000 census published January 2002.

SOURCE INFORMATION REVIEWED (continued)

- Licensing and/or survey data provided by the Department of Health Office of Health Care Survey
- Certificate of Need Historical files

CRITERIA EVALUATION

To obtain Certificate of Need approval, the applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment); and 246-310-295 (hospice care center standards).¹

CONCLUSION

For the reasons stated in this evaluation and agreement to the following term, the application submitted by Providence Hospice and Home Care of Snohomish County proposing to establish a new, 20-bed hospice care center in the city of Everett, within Snohomish County is consistent with applicable criteria of the Certificate of Need Program. Once Providence Hospice and Home Care of Snohomish County provides the department with a copy of a determination of non-significance or a final environmental impact statement pertaining to the site for the hospice care center, the department will issue a Certificate of Need for the project.

TERMS

Prior to commencement of the project, Providence Hospice and Home Care of Snohomish County must provide to the department for review and approval a copy of the executed Lease Agreement between itself and Providence Everett Medical Center for the site. The executed agreement must be consistent with the draft intent to lease document provided in the application.

Prior to providing hospice care center services, Providence Hospice and Home Care of Snohomish County must provide to the department for review and approval a copy of the executed Ancillary Services Agreement between itself and Providence Everett Medical Center. The executed agreement must be consistent with the draft Ancillary Services Agreement provided in the application.

The approved capital expenditure associated with the establishment of a new, 20-bed hospice care center in Snohomish County is \$4,988,600.

¹ Each criterion contains certain sub-criteria. The following sub-criteria are not discussed in this evaluation because they are not relevant to this project: WAC 246-310-210(3), (4), (5), and (6).

A.Need (WAC 246-310-210)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the criteria in WAC 246-310-210 (need) and WAC 246-310-295 (hospice care center standards) are met.

- (1) *The population served or to be served has need for the project and other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need.*

The department uses the methodology found in WAC 246-310-295 in determining need for a hospice care center within a planning area. The six-step methodology is used to demonstrate that an existing hospice's patient base is sufficient to support a hospice care center by using existing use rates for hospice services, average number of resident deaths by planning area (county) for the most recent three years, and the projected population of the planning area.

The applicant applied the six-step methodology in WAC 246-310-295 and provided documentation to demonstrate that PHHCSC's existing patient base is sufficient to support a hospice care center. Using the required minimum occupancy rate of 65%, the applicant projected a patient base that could support 53 hospice care center beds. WAC 246-310-295 limits the number of beds in a hospice care center to 20; this application requests approval for 20 beds. [source: Application, p7]

The department also applied the methodology, evaluated the assumptions provided by the applicant, and determined that the projections are reasonable and the documentation effectively demonstrates the potential patient base for the proposed hospice care center.

Additionally, WAC 246-310-295(8) sets forth minimum occupancy requirements and requires a demonstration of maintaining the minimum occupancy rate at the hospice care center. PHHCSC provided documentation to demonstrate its ability to meet these occupancy requirements. [source: Application, p7]

WAC 246-310-295(9)(a) requires no more than 49% of the hospice agency's patient care days, in the aggregate on a biennial basis, can be projected to be provided in the hospice care center. PHHCSC provided documentation to demonstrate its ability to meet this standard. [source: Application, p7]

For in-home hospice services, there are five providers--including the applicant--that serve Snohomish County, and none of the providers have established a hospice care center.² The nearest hospice care center is operated by Evergreen Hospital Medical Center and is located in the city of Kirkland, within King County.

Information provided by community members at the public hearing indicates that many Snohomish County patients requiring hospice care center services are referred to Evergreen Hospital's hospice care center. Because of the high utilization of Evergreen Hospital's care center, typically these referred patients are placed on a waiting list until space at the care center is available. Given the ultimate expected outcome of the hospice patient, often there is not time to "wait" for an opening at the care center. Further, travel to and from the care center located in King County for the patient and family members residing in Snohomish County can be a hardship. The availability of a hospice care center in Snohomish County would allow reasonable access to the services for PHHCSC patients and would promote continuity of care for those patients requiring hospice care center services. Further, approval of this project would not affect the availability of the current in-home hospice services provided by any of the in-home hospice agencies serving the county.

² The five providers are: PHHCSC (the applicant); Skagit Hospice; Evergreen Hospice; Group Health; and Providence Hospice of Seattle.

Based on the information provided in the application, the department concludes that the population to be served has a need for a hospice care center in Snohomish County, and this sub-criterion is met.

- (2) All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.

As previously stated, PHHCSC is an existing Medicare certified hospice agency and has been providing hospice services to Snohomish County residents since at least 1978. To demonstrate compliance with this sub-criterion, PHHCSC provided a copy of its existing admission and charity care policies.

The Admission Policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility, and any assurances regarding access. Further, PHHCSC's existing Admission Policy demonstrates that patients are admitted for treatment without regard to age, race, color, religion, sex, national origin, handicap, or sexual preference and will be treated with respect and dignity. [source: June 10, 2005, supplemental information, Attachment 10]

The Charity Care Policy confirms that all residents of the service area including low-income, racial and ethnic minorities, handicapped and other underserved groups currently have access to hospice services through PHHCSC hospice agency. The policy also includes the process one must use to access charity care at PHHCSC. PHHCSC indicates that the same policy will be used for the proposed hospice care center. [source: June 10, 2005, supplemental information, Attachment 9]

To determine whether low income residents would have access to PHHCSC's hospice care center, the department uses the facility's Medicaid eligibility or contracting with Medicaid as the measure to make that determination. PHHCSC is currently Medicare certified and Medicaid eligible; further documents provided in the application demonstrate that the hospice care center would also establish the appropriate relationships with both Medicare and Medicaid.

The department concludes that approval of this project would not negatively affect the access to the hospice services provided through the agency, and the proposed in center hospice services at would be available to all residents of the service area. This sub-criterion is met.

B. Financial Feasibility (WAC 246-310-220)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the financial feasibility criteria in WAC 246-310-220 are met.

- (1) The immediate and long-range capital and operating costs of the project can be met.

As previously stated, the capital expenditure associated with establishing this 20-bed hospice care center is \$4,988,600 and would be funded through a combination of PHHCSC's fundraising efforts/donations and reserves. [source: June 10, 2005, supplemental information, p18] If this project is approved, PHHCSC expects to begin fundraising efforts immediately and anticipates the facility would become operational August 2008. Under this timeline, the first full year of operation for the 20-bed hospice care center would be year 2009. PHHCSC projected the number of hospice patients it would serve in the first three full years of operation, which is summarized in Table I on the following page. [source: September 6, 2005, supplemental information, Attachment 3]

Table I
PHHCSC Hospice Care Center Projected Revenue and Expenses

	Full Yr. 2009	Full Yr. 2010	Full Yr. 2011
Total Patient Days	4,692	6,205	6,570
Average Daily Census	13	17	18
Total Net Revenue*	\$ 2,468,401	\$ 3,390,314	\$ 3,594,474
Total Expenses	\$ 2,669,562	\$ 3,012,189	\$ 3,130,729
Net Profit or (Loss)	(\$ 201,161)	\$ 378,125	\$ 463,745
Total Rev Patient Day	\$ 526.09	\$ 546.38	\$ 547.10
Total Exp per Patient Day	\$ 568.96	\$ 485.45	\$ 476.52
Net Profit Patient Day	(\$ 42.87)	\$ 60.94	\$ 70.59

*Includes deductions for bad debt and charity care

As shown in Table I above, with deductions for both bad debt and charity care, as a 20-bed hospice care center, PHHCSC's hospice care center would operate at a loss in its first full year of operation (2009); by the end of the care center's second full year of operation, the loss becomes a profit, which improves in year three (2011).

Within the application, PHHCSC states that it intends to lease the land for the care center from Providence Everett Medical Center. While the lease agreement has not yet been finalized, Providence Everett Medical Center provided a letter of commitment to lease the land to PHHCSC. Providence Everett Medical Center owns the land and commits to a long term lease (50 years) with PHHCSC for one thousand dollars per year. Both PHHCSC and Providence Everett Medical Center provided documentation committing to finalizing the lease upon approval of the project. [source: September 22, 2005, supplemental information, p3] To ensure that the terms of the final lease agreement would be consistent with documentation represented within the application, if this project is approved, the department would attach a term to the approval requiring PHHCSC to provide a copy of the executed Lease Agreement between itself and Providence Everett Medical Center for the site.

Based on the information above, the department concludes that the immediate and long-range operating costs of this portion of the project can be met, and this sub-criterion is met.

(2) The costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services.

As stated above, PHHCSC anticipates a capital cost of \$4,988,600 to establish the 20-bed hospice care center. Funding for the project is expected to be approximately 60% fundraising/donations and 40% board reserves. The applicant anticipates moving forward with raising the funds immediately after CN approval. [source: June 10, 2005, supplemental information, p18; PHHCSC November 15, 2005, public hearing documents] Using that timeline, the first full year of operation is year 2009.

The cost per visit for the hospice care center was compared to those of recent hospice care center projects reviewed by the department to determine the possible impact on the costs to the patient and community. Based on this review, the department concludes that the cost of the project will not result in an unreasonable impact on the costs and charges for health services within the service area. This sub-criterion is met.

(3) The project can be appropriately financed.

The estimated capital expenditure for establishing a new 20 bed hospice care center is \$4,988,600. Of that amount, 77% (\$3,846,471) is related to construction; 8% (\$380,000) is related to fixed and moveable equipment; another 8% (\$410,000) is related to fees and permits; and the

remaining 7% (\$532,129) is related to state sales tax. [source: September 6, 2005, supplemental information, p7]

The project will be funded through capital campaigning, foundation grants, private donations, and in-kind donations of skilled labor and building materials. As of the writing of this evaluation, PHHCSC has not yet begun fundraising efforts. [source: PHHCSC November 15, 2005, public hearing documents]

PHHCSC does not expect any difficulties in raising the funds needed to establish the care center because historically the community has been very supportive of the Providence Health System. Further, during the course of reviewing this application, the department received over 25 letters of support by community members, local businesses, and the local medical community. [source: Public comment received from 10/19/05 through 11/14/05; public hearing documents received at the 11/15/05 public hearing]

Within the application, PHHCSC provided contingency plans for funding if any portion of the dollars is not obtained through fundraising efforts. One of the contingency plans is that PHHCSC would fund the entire project through its capital reserves. [source: PHHCSC November 15, 2005, public hearing documents] A review of PHHCSC's historical financial information shows the funds necessary to finance the entire project are available if needed.

Based the information provided within the application, the department concludes that the proposed financing is appropriate for the project, and this sub-criterion is met.

C. Structure and Process (Quality) of Care (WAC 246-310-230)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the structure and process (quality) of care criteria in WAC 246-310-230 is met.

- (1) A sufficient supply of qualified staff for the project, including both health personnel and management personnel, are available or can be recruited.

PHHCSC indicates that based on projected patient census, the new 20-bed hospice care center would be fully staffed in year one (2009) and would not require any increase in staff for years two and three. [source: June 10, 2005, supplemental information, p39] The proposed FTEs for year 2009 are shown in Table II below.

Table II
PHHCSC Proposed FTEs for Year One - 2009

Type of Personnel	Years 2009 - 2011
RN	8.26
Hospice Aide	9.91
Medical Social Worker Bereavement	0.70
Volunteer Coordinator	contracted
Cook	1.60
Housekeeping/Maintenance	1.40
Pharmacist	contracted
Chaplain	0.50
Residence Manager	1.00
Medical Director	0.50
Receptionist	1.40
OT/PT/ST & Dietician	contracted
Total FTEs	25.27

As shown in Table II above, PHHCSC anticipates a total of 25.27 FTEs would be needed to operate the hospice care center in the first three years of operation. In addition to the staffing

listed in Table II, PHHCSC provided a comprehensive plan to recruit needed staff and/or expand work hours of existing hospice staff if requested. To meet the hospice care center standards under WAC 246-335³, PHHCSC provided documentation and job descriptions to demonstrate it would have at least two staff available--one RN and one CNA--24 hours per day, 7 days per week. Further, the pharmacist shown above would be available 24 hours per day to provide medications, supplies, and on-site consultation. [source: June 10, 2005, supplemental information, pp40-43] Based on the available information, the department concludes that staffing for the hospice care center would be available.

Jeffrey C. Ward, MD is the current medical director at PHHCSC's existing hospice agency and is anticipated to be medical director at this new care center if this project is approved. Given that Dr. Ward is an employee of PHHCSC, a medical director agreement for the services was not established; rather, Dr. Ward provides the medical directorship through a job description. PHHCSC provided a copy of the job description to demonstrate compliance with this criterion. Further, all costs associated with the employed medical director are substantiated within the pro forma financials within the application. [source: June 10, 2005, supplemental information, Attachment 12]

Based on the information provided in the application, the department concludes that sufficient staff is available for the hospice care center, and this sub-criterion is met.

- (2) The proposed service(s) will have an appropriate relationship, including organizational relationship, to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.

PHHCSC has been providing in-home hospice services to the residents of Snohomish County through its existing hospice agency since approximately 1978. Hospice care centers provide patients and their families with an alternative when the patient's symptoms or family circumstances necessitate hospice care in a setting other than the patient's residence. If this project is approved, PHHCSC expects its hospice patients would continue have access to the least restrictive level of hospice care in a home-like environment at a new site.

PHHCSC has well-established relationships with ancillary and support services in place for its hospice agency. Within the application, PHHCSC states that it will continue to be responsible for most ancillary and support services provided to hospice patients regardless of whether the patient receives hospice services through the agency or the care center.

For the hospice care center, PHHCSC intends to purchase some support services, such as laundry, dietary, and security, from Providence Everett Medical Center in Everett and provided a copy of the draft Ancillary Services Agreement. The draft agreement between PHHCSC and Providence Everett Medical Center identifies the costs for the ancillary services. [source: June 10, 2005, supplemental information, pp40-42 and Attachment 13] If this project is approved, the department would attach a term to the approval requiring the applicant to provide a copy of the executed agreement

Based on the information provided in the application and the applicant's agreement to the term on page 3 of this evaluation, the department concludes that appropriate relationships with ancillary and support services have been, or will be, established for the hospice care center, and this sub-criterion is met.

³ In Home Services Law Book

- (3) There is reasonable assurance that the project will be in conformance with applicable state licensing requirements and, if the applicant is or plans to be certified under the Medicaid or Medicare program, with the applicable conditions of participation related to those programs.

As stated in the project description portion of this evaluation, PHHCSC provides Medicare and Medicaid home health and hospice services through its existing Medicare certified agencies. Within the most recent ten years, the Department of Health's Office of Health Care Survey (OHCS), which surveys home health and hospice agencies within Washington State, completed three compliance surveys for PHHCSC.⁴ The surveys revealed minor non-compliance issues typical for the type of facility, and PHHCSC submitted plans of correction for the non-compliance issues. [source: compliance survey data provided by Office of Health Care Survey]

Further, the Providence Health System has direct ownership or management responsibilities for ten health care facilities in Washington State.⁵ [source: June 10, 2005, supplemental information, Attachment 1] To ensure compliance with this sub-criterion, the department reviewed the compliance history with each facility's licensing entity. All surveys revealed minor non-compliance issues typical for the type of facility, and Providence Health System or the responsible entity submitted plans of correction for the non-compliance issues. [source: compliance survey data provided by Office of Health Care Survey for hospitals, home health, and hospice facilities; compliance data provided by the Department of Social and Health Services for the nursing homes]

As previously stated, Jeffrey C. Ward, MD is the current medical director at the hospice agency and is anticipated to be the medical director at the hospice care center. To ensure compliance with this sub-criterion, the department reviewed the compliance history for Dr. Ward with the Department of Health's Medical Quality Assurance Commission. That review resulted in no recorded sanctions. [source: compliance history provided by Medical Quality Assurance Commission]

Given that this project is not expected to become operational until year 2009, PHHCSC has not yet recruited the staff required for a licensed hospice care center under WAC 246-335-155 and WAC 246-335-175. In lieu of identifying key staff, PHHCSC provided job descriptions for the staff and a comprehensive plan to recruit staff approximately two months before the care center is operational.

Based on the information provided in the application, the department concludes there is reasonable assurance that PHHCSC would operate the new, 20-bed hospice care center in conformance with applicable state and federal licensing and certification requirements. This sub-criterion is met.

- (4) The proposed project will promote continuity in the provision of health care, not result in an unwarranted fragmentation of services, and have an appropriate relationship to the service area's existing health care system.

PHHCSC states that continuity in the provision of health care would be accomplished by establishment of the 20-bed hospice care center because it is the least restrictive and intensive level of service available for end-of-life care. Currently, PHHCSC is unable to care for all patients that request to be cared for in a hospice care center, and generally patients are referred to the closest care center, Evergreen Hospital in Kirkland. However, Evergreen's facility does not always have space available, and while the hospice care center maintains a wait list, given the ultimate expected outcome of the hospice patient, often there is not time to "wait" for an opening at the care center. To further demonstrate compliance with this sub-criterion, PHHCSC provided a listing of health care facilities that currently refer to the hospice agency. [source: June 10, 2005, supplemental information, Appendix 14]

⁴ Surveys conducted--1996, 1999, and 2000.

⁵ The ten facilities are three hospitals, three nursing homes, two home health and two hospice agencies.

Based on the above information, there is reasonable assurance that approval of a new, 20-bed hospice care center will not negatively affect the relationships in place with the existing health care providers in the service area. Further, approval of this project would continue to promote continuity in the provision of healthcare for the residents of Snohomish County. This sub-criterion is met.

- (5) *There is reasonable assurance that the services to be provided through the proposed project will be provided in a manner that ensures safe and adequate care to the public to be served and in accord with applicable federal and state laws, rules, and regulations.*

This sub-criterion is addressed in sub-section (3) above and is considered met.

D. Cost Containment (WAC 246-310-240)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the cost containment criteria in WAC 246-310-240 are met.

- (1) *Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.*

Before submitting this application, PHHCSC considered and rejected two options. [source: June 10, 2005, supplemental information, pp44-45] Below is a summary of PHHCSC's evaluation related to each option.

Status quo or do nothing

In year 2002, PHHCSC contracted with an outside entity--The Corridor Group, Inc-- to perform a feasibility study related to the need for a hospice care center in Snohomish County.⁶ PHHCSC provided a copy of the executive summary related to the study. PHHCSC states that the study demonstrates the hospice agency has a sufficient patient base for a hospice care center and indicates an immediate need for inpatient hospice care services in the community. As a result, this option was not considered viable by the applicant.

Convert/renovate an existing building to conform to the hospice care center rules

PHHCSC states this option was considered, however, there were no buildings available that would lend themselves to conversion to a hospice care center without a significant capital investment. This factor, coupled with advantages of constructing a new building designed with state-of-the-art and efficient technology, rendered this option less than optimum. Therefore, this option was also rejected in favor of the project submitted.

Given that the closest hospice care center is located in King County (Evergreen Hospital's care center) and PHHCSC's historical hospice data demonstrates sufficient patient base to support a hospice care center, the department recognizes that the establishment of hospice care center in Snohomish County is reasonable.

Further, the department acknowledges PHHCSC's efforts to determine whether conversion of an existing building or construction of a new building would be the best option to meet the hospice care center need within the community. Based on data provided in the application, the department concurs with PHHCSC regarding the construction of a new building.

Finally, the department's review also concludes this project meets the criteria of need, financial feasibility, and structure and process of care. The department concludes that this project is the best available alternative for the community; this sub-criterion is met.

⁶ The Corridor Group, Inc. offers consulting services for the home health, hospice, home medical equipment, home infusion, and private duty providers. [source: The Corridor Group, Inc. webpage at www.corridorgroup.com]

(2) In the case of a project involving construction:

(a) The costs, scope, and methods of construction and energy conservation are reasonable:

As stated in the project description portion of this evaluation, this project involves the construction of a 20-bed hospice care center. Under the timeline provided in the application, PHHCSC proposes to submit drawings to the department's Construction Review Unit within twelve months after approval. Further, PHHCSC intends to meet all necessary requirements for the construction of a freestanding hospice care center. [source: June 10, 2005, supplemental information, pp44-45] This sub-criterion is met.

(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2) and is considered met.